

INTERVIEW: WILLIE CHENG

SMBs should take CSR equally seriously

Whether as an individual or corporation, we all need be socially responsible, Willie Cheng, author and noted IT expert, tells Raju Chellam in an interview.

Willie Cheng is a former partner of Accenture. Prior to his retirement in 2003, he was the country managing director for Singapore and the managing partner of Accenture's Communications and High Tech practice in Asia. Since his retirement, he has stayed involved with the business and the infocomm community.

He sits on the boards of Singapore Press Holdings (SPH) and NTUC Fairprice. He spends the larger part of his time working with nonprofit organizations at the board and volunteer level. Among these, he is chairman of the Lien Centre for Social Innovation and Caritas Singapore Community Council.

He has written extensively on the nonprofit sector, in particular the linkages of business and charity. His book, "*Doing Good Well: What Does (and Does Not) Make Sense in the Nonprofit World*" was released recently in Singapore. The hardcover book, published by John Wiley, is available on [Amazon](#)

Mr Cheng spoke with Raju Chellam recently – as well as permitted *Navigator* to run an excerpt from his book:

Raju Chellam (RC): Is CSR (Corporate Social Responsibility) mainly for large enterprises, or should SMBs also consider it seriously?

Willie Cheng (WC): In my book, I had identified two rationales for CSR – business, and responsibility. If it is business, then both LBs (large businesses) and SMBs (companies with up to 999 staff) can make equally good business cases to do so. The business benefits of CSR - branding, sales impact, employee motivation, etc – can apply. However, since LBs have more resources and visibility, there are greater expectations from them to embrace CSR. At the same time, many LBs also have more diverse and public stakeholders; the scrutiny can limit their ability to be altruistic. But the proper rationale for CSR should be responsibility – the responsibility of power. To paraphrase Spiderman: the greater the power, the greater should be the responsibility. LBs have greater powers than SMBs. The revenue of many MNCs dwarfs the GDPs of many of the smaller countries. I think that both LBs and SMBs should take CSR equally seriously. Whether as an individual or corporation, we all need be socially responsible. It is just that we should apply efforts commensurate with our resources and impact.

RC: It is usually the LBs that one hears of having CSR programs. Do SMBs need to buck up?

WC: The LBs are just more vocal and visible in whatever they do – CSR being no exception. We must remember that CSR champions like The Body Shop and Ben & Jerry's started as SMBs. Their founders embraced CSR from day one, and they grew to become the LBs that we see today. SMBs do not need to match LBs in terms of effort. They just need to be proportionate. But SMBs do need to buck up in their appreciation and implementation of CSR. Going by a recent survey that was conducted by Singapore Compact for CSR, the percentage of LBs understanding CSR was twice that of the SMBs.

RC: How do you think CSR is seen or implemented differently in Asia versus the US and Europe?

WC: This is a subject that we have only just begun to start exploring at the Lien Center for Social Innovation. At the moment, the data available on approaches to CSR in this part of the world is quite limited. CSR in its full scope covers the range of initiatives from the basics of enlightened HR practices, ethical conduct, good corporate governance and environmental responsibility, to the charitable actions of corporate volunteerism and philanthropy. The view of CSR by Asian companies

is pretty patchy. Depending on the country in Asia, it would appear that CSR is often mostly associated with corporate philanthropic giving and volunteerism, and to a certain extent, fair employment and environmental practices. As noted in the Compact study, the general understanding of CSR is “paying back to society”. In general, the penetration of CSR in companies in Asia lags behind that of the West. When you look at the breakdown between MNCs versus domestic companies, the CSR takeup rate, as you might expect, is generally lower for domestic companies.

RC: What can Asian governments do to boost CSR in their respective countries?

WC: If by CSR, you mean voluntary CSR – what most people typically understand it to be - then the answer is, probably not a lot in the short term. Voluntary CSR will require changing the culture of society and business. You can have awards, public education and financial incentives, but change will take time. That is why some people believe that CSR needs to be mandated. This is a view put forth by the both the champions and critics of unbridled capitalism. They believe that the exclusive focus of companies is to maximize their financial gain and that the role of governments is to be guardians of the public interest.

To guard companies from their excesses in the pursuit of their financial interests, governments need to put in place regulations to make them be socially responsible. This has thus led to rules on corporate governance, ethical conduct and environmental practices that are very prevalent in the West. So if mandatory CSR is deemed appropriate, then governments in Asia have to level up and adopt some of the more comprehensive standards and regulations being developed in the West. Perhaps the more important action is enforcement. For example, there are already strict labor laws in Thailand and Indonesia, but with corruption in the civil service, employers get away with not observing them.

RC: Why do you think that companies in Asia are slow to adopt Green IT practices?

WC: Green IT is a specific aspect of CSR. Given that CSR has been slow to take off in Asia, the inertia towards Green IT should therefore not come as a surprise. But money talks. Therefore it is the economic aspects of Green IT - especially reducing electricity costs - that has been the focus of companies going green on their computing. It is the LBs with data centers that have higher power consumption that are adopting Green IT first. The IT industry is helping to drive this by introducing new solutions such as virtualization and cloud computing. This may have the side effect of actually creating greater awareness of Green IT.

Book Excerpt from “Doing Good Well”

Would not successful business entrepreneurs who operate ethically and become philanthropists make a much greater positive impact on society than social entrepreneurs?

Take William Hewlett and David Packard who founded the Hewlett-Packard Company. The technology business they started in a garage in 1939 is now a US\$100 billion global corporation providing jobs to 172,000 people around the world. It creates products and innovations that continue to change the way the world works, lives and plays. More than that, the duo created an exemplary corporate culture called the HP Way, one aspect of which was giving back to the community. Both men have died, but they left behind an everlasting legacy and two foundations: The David and Lucile Packard Foundation, and The William and Flora Hewlett Foundation. In aggregate, these two foundations have more than US\$15 billion in assets, and make grants of about US\$500 million annually.

It really is hard to find social entrepreneurs who have made the same impact as Hewlett and Packard did in their lifetimes. There are, however, philanthropists who have accumulated wealth through their business ventures and are potentially moving into social entrepreneurship.

Such examples can be found in the technology world which is renowned for its mavericks. Larry Page and Sergey Brin of Google, Gordon Moore of Intel, Pierre Omidyar and Jeff Skolls of eBay, and of course Paul Allen and Bill Gates of Microsoft, have all set up foundations, but at a much younger age. Some of them have also become more actively engaged with their foundations, giving not just large sums of money, but also their time, vision and expertise to shape the outcomes of their giving. In a sense, a couple of them are on the verge of crossing the line to become social entrepreneurs themselves.

But there’s no need for successful businessmen to cross the line to become social entrepreneurs. They can do good, perhaps more good, simply by being philanthropic.

A good example of a businessman who decided to stick to his knitting is Warren Buffet. As the largest shareholder and CEO of Berkshire Hathaway, he had, by 2006, amassed a fortune valued at about US\$37 billion. That was when he publicly committed to giving his fortune away to charity. But instead of doing so through his own foundation, he chose to donate most of it through the Bill & Melinda Gates Foundation. Why?

It is because Buffet is following his successful investment philosophy to be disciplined to stay within his circle of competence: "I don't think I'm as well cut out to be a philanthropist as Bill and Melinda are."

So, he has decided to focus his valuable time on investing and compounding his wealth at a rate that most investors can only dream of - Berkshire Hathaway share value grew at a compounded annual rate of 21.4% from 1964 to 2006. Meanwhile the social sector benefits from the staggering amounts coming to it – probably a lot more than if Buffet were to roll up his sleeves to work in the social sector.

So, what's the bottom line?

First, the world has enough problems and opportunities to need both kinds of entrepreneurs. They can be symbiotic. Social entrepreneurs are needed to solve many of the world's social issues, and provide the same kind of focus and innovations that the business world has benefited from.

Secondly, business entrepreneurs can also be noble whether their businesses are or not.

Thirdly, money talks. So, businessmen with the entrepreneurial flair should be encouraged to continue to succeed in business and channel their gains into social causes. Those with a passion for social change can leverage off these donations to increase the social dividends.
